

KHAI-MA

MUNICIPALITY



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2014

KHAI-MA MUNICIPALITY

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KHAI-MA MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GENERAL INFORMATION

NATURE OF BUSINESS

Khai-Ma Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Khai-Ma Municipality includes the areas of Pofadder, Aggeneys, Pella, Witbank and Onseepkans.

MUNICIPAL MANAGER

KK Khumalo (Acting)

CHIEF FINANCIAL OFFICER

PJ van der Merwe

REGISTERED OFFICE

P.O. Box 108
Pofadder
8890

AUDITORS

The Auditor-General
Private Bag X5013
Kimberley
8300

PRINCIPLE BANKERS

The Standard Bank of S.A. Ltd

ATTORNEYS

Van der Merwe/Miller Ing.

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations

KHAI-MA MUNICIPALITY

MEMBERS OF THE KHAI-MA MUNICIPALITY

WARD

Ward 1
Ward 2
Ward 3
Ward 4
Proportional
Proportional
Proportional

COUNCILLOR

AJ Josop (Mayor)
HJ Raman
PA van Heerden
ST Basson
LH van Rooi
SM Magerman
S April

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 89 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2014 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

KK Khumalo (Acting)
Municipal Manager

Date

KHAI-MA MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Notes	2014 R	2013 R
NET ASSETS AND LIABILITIES			
Net Assets		77 109 630	56 546 215
Government Grant Reserve	2	-	-
Housing Development Fund	2	16 155	15 419
Revaluation Reserve	2	23 905 255	3 798 735
Accumulated Surplus/(Deficit)		53 188 220	52 732 061
Non-Current Liabilities		7 718 385	6 372 219
Long-term Liabilities	3	10 544	33 993
Non-current Provisions	4	3 204 897	2 480 390
Non-current Employee Benefits	5	4 502 945	3 857 836
Current Liabilities		21 951 975	17 836 825
Consumer Deposits	6	77 410	62 885
Current Employee Benefits	7	1 263 752	1 109 520
Payables from exchange transactions	8	10 059 695	7 338 292
Unspent Conditional Government Grants and Receipts	9	10 527 668	9 305 077
Current Portion of Long-term Liabilities	3	23 450	21 051
Total Net Assets and Liabilities		106 779 990	80 755 259
ASSETS			
Non-Current Assets		90 564 093	67 051 548
Property, Plant and Equipment	12	90 032 536	66 631 318
Investment Property	13	306 230	146 138
Intangible Assets	14	225 327	274 092
Current Assets		16 215 896	13 703 711
Inventory	15	1 334 949	1 833 487
Receivables from exchange transactions	16	4 286 300	2 929 687
Receivables from non-exchange transactions	17	1 326 777	1 138 396
Unpaid Conditional Government Grants and Receipts	9	415 190	737 214
Taxes	10.3	1 032 467	660 641
Cash and Cash Equivalents	19.1	7 820 213	6 404 287
Total Assets		106 779 990	80 755 259

KHAI-MA MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 R	2013 R
REVENUE			
Revenue from Non-exchange Transactions		38 984 604	28 326 704
Taxation Revenue		2 810 414	2 433 192
Property Rates	20	2 810 414	2 433 192
Transfer Revenue		36 171 140	25 730 953
Government Grants and Subsidies - Capital	21	10 871 438	3 176 455
Government Grants and Subsidies - Operating	21	25 299 702	21 186 006
Public Contributions and Donations	22	-	1 368 492
Other Revenue		3 050	162 559
Fines		3 050	16 600
Actuarial Gains	5	-	145 959
Revenue from Exchange Transactions		14 611 370	12 787 563
Service Charges	23	12 945 917	11 224 038
Rental of Facilities and Equipment		170 159	139 019
Interest Earned - external investments	24	366 699	299 120
Interest Earned - outstanding receivables	25	729 784	929 165
Licences and Permits		26 787	25 654
Income for Agency Services		134 019	118 435
Other Income	26	238 006	52 131
Total Revenue		53 595 974	41 114 267
EXPENDITURE			
Employee related costs	27	(11 245 673)	(10 081 278)
Remuneration of Councillors	28	(1 736 146)	(1 736 145)
Debt Impairment	29	(5 076 685)	(4 519 892)
Depreciation and Amortisation	30	(1 789 453)	(2 161 419)
Repairs and Maintenance		(1 258 148)	(1 311 392)
Actuarial Losses	5	(196 042)	-
Finance Costs	31	(646 485)	(501 403)
Bulk Purchases	32	(8 116 010)	(6 050 058)
Contracted Services		(289 230)	(266 816)
Grants and Subsidies Paid		(358 451)	(90 111)
Other Operating Grant Expenditure	33	(11 293 590)	(7 815 800)
General Expenses	34	(5 386 451)	(6 011 491)
Total Expenditure		(47 392 364)	(40 545 805)
Operating Surplus for the Year		6 203 610	568 462
Gains/(Loss) on Sale of Assets	35	(33 843)	(13 293)
(Impairment loss)/Reversal of impairment loss	36	(6 049 545)	(9 650)
NET SURPLUS/(DEFICIT) FOR THE YEAR		120 222	545 519

KHAI-MA MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

	Housing Development Fund R	Revaluation Reserve R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2012	14 764	3 934 049	50 558 527	54 507 340
Correction of Error - note 38	-	-	1 493 357	1 493 357
Restated balance	14 764	3 934 049	52 051 884	56 000 697
Net Surplus/(Deficit) for the year	-	-	545 519	545 519
Net Surplus/(Deficit) previously reported	-	-	545 519	545 519
Effects of Correction of Errors - note 38	-	-	-	-
Transfer to Housing Development Fund	656	-	(656)	-
Revaluation	-	-	-	-
Offsetting of depreciation	-	(135 314)	135 314	-
Restated balance	15 419	3 798 735	52 732 062	56 546 216
Net Surplus/(Deficit) for the year	-	-	120 222	120 222
Transfer to Housing Development Fund	736	-	(736)	-
Revaluation	-	20 443 192	-	20 443 192
Impairment of Revaluation Assets	-	(147 987)	147 987	-
Offsetting of depreciation	-	(188 686)	188 686	-
Balance at 30 June 2014	16 155	23 905 255	53 188 220	77 109 630

KHAI-MA MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 R	2013 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Ratepayers and other		9 864 435	9 356 310
Grants		37 715 755	31 717 330
Investment Income		366 699	1 228 285
Other receipts		572 021	351 839
Cash payments			
Employee costs		(12 730 473)	(30 822 099)
Suppliers		(23 853 767)	(9 677 360)
Finance costs		(117 011)	(501 403)
Net Cash from Operating Activities	39	11 817 659	1 652 903
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(11 434 795)	(4 591 327)
Proceeds on Disposal of Fixed Assets		1 237 047	-
(Increase)/Decrease in Intangible Assets		(22 920)	-
(Increase)/Decrease in Investment Properties		(174 540)	-
Net Cash from Investing Activities		(10 395 208)	(4 591 327)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		-	-
Loans repaid		(21 051)	(18 898)
Increase/(Decrease) in Consumer Deposits		14 525	8 350
Net Cash from Financing Activities		(6 526)	(10 548)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1 415 925	(2 948 972)
Cash and Cash Equivalents at the beginning of the year		6 404 287	9 353 259
Cash and Cash Equivalents at the end of the year	40	7 820 213	6 404 287
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1 415 926	(2 948 972)

KHAI-MA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Notes	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
			(i.t.o. s28 and s31 of the MFMA)		(i.t.o. s31 of the MFMA)	(i.t.o. Council approved by-law)		2014	
		R	R	R	R	R	R	R	%
ASSETS									
Current Assets									
Cash		12 120 884	(9 433 601)	2 687 283	-	-	2 687 283	12 951	-99.52%
Call Investment Deposits		3 000 000	(2 800 000)	200 000	-	-	200 000	7 807 262	3803.63%
Consumer Debtors		4 232 708	826 591	5 059 299	-	-	5 059 299	5 041 131	-0.36%
Other Debtors		1 500 000	(892 879)	607 121	-	-	607 121	1 604 413	164.27%
Current Portion of long-term receivables		-	-	-	-	-	-	-	-
Inventory		2 627 076	(793 589)	1 833 487	-	-	1 833 487	1 334 949	-27.19%
Total Current Assets	43.2.1	23 480 668	(13 093 478)	10 387 190	-	-	10 387 190	15 800 706	52.12%
Non-Current Assets									
Long-term receivables		-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-
Investment Property		74 718	(3 391)	71 327	-	-	71 327	306 230	329.33%
Investment in Associates		-	-	-	-	-	-	-	-
Property, Plant and Equipment		81 764 740	11 614 390	93 379 130	-	-	93 379 130	90 032 536	-3.58%
Agricultural Assets		-	-	-	-	-	-	-	-
Biological Assets		-	-	-	-	-	-	-	-
Intangible Assets		342 107	(136 030)	206 077	-	-	206 077	225 327	9.34%
Other Non-Current Assets		-	-	-	-	-	-	-	-
Total Non-Current Assets	43.2.2	82 181 565	11 474 969	93 656 534	-	-	93 656 534	90 564 093	-3.30%
TOTAL ASSETS		105 662 233	(1 618 509)	104 043 724	-	-	104 043 724	106 364 800	2.23%
LIABILITIES									
Current Liabilities									
Bank Overdraft		-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	23 450	100.00%
Consumer Deposits		75 901	(3 016)	72 885	-	-	72 885	77 410	6.21%
Trade and Other Payables		7 521 725	(183 433)	7 338 292	-	-	7 338 292	20 172 173	174.89%
Provisions		1 045 255	68 442	1 113 697	-	-	1 113 697	1 263 752	13.47%
Total Current Liabilities	43.2.3	8 642 881	(118 007)	8 524 874	-	-	8 524 874	21 536 785	152.63%
Non-Current Liabilities									
Borrowing		1 300 000	-	1 300 000	-	-	1 300 000	10 544	-99.19%
Provisions		8 125 255	70 508	8 195 763	-	-	8 195 763	7 707 842	-5.95%
Total Non-Current Liabilities	43.2.4	9 425 255	70 508	9 495 763	-	-	9 495 763	7 718 385	-18.72%
TOTAL LIABILITIES		18 068 136	(47 499)	18 020 637	-	-	18 020 637	29 255 170	62.34%
NET ASSETS									
Accumulated Surplus/(Deficit)		83 916 598	(1 573 001)	82 343 597	-	-	82 343 597	53 188 220	-35.41%
Reserves		3 677 499	1 991	3 679 490	-	-	3 679 490	23 921 410	550.13%
Minorities' Interests		-	-	-	-	-	-	-	-
TOTAL NET ASSETS	43.2.5	87 594 097	(1 571 010)	86 023 087	-	-	86 023 087	77 109 630	-10.36%

KHAI-MA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	2014 R	%
REVENUE								
Property Rates	2 995 700	(183 050)	2 812 650	-	-	2 812 650	2 810 414	-0.08%
Property Rates - Penalties & Collection Charges	150 000	-	150 000	-	-	150 000	77 112	-48.59%
Service Charges - Electricity Revenue	6 083 920	(248 600)	5 835 320	-	-	5 835 320	5 742 538	-1.59%
Service Charges - Water Revenue	6 385 930	120 000	6 505 930	-	-	6 505 930	5 680 126	-12.69%
Service Charges - Sanitation Revenue	1 131 680	-	1 131 680	-	-	1 131 680	843 192	-25.49%
Service Charges - Refuse Revenue	739 000	(47 960)	691 040	-	-	691 040	680 061	-1.59%
Service Charges - Other Revenue	19 600	59 200	78 800	-	-	78 800	82 263	4.39%
Rental of Facilities and Equipment	433 400	(288 000)	145 400	-	-	145 400	170 159	17.03%
Interest Earned - External Investments	200 000	30 000	230 000	-	-	230 000	366 699	59.43%
Interest Earned - Outstanding Debtors	653 000	-	653 000	-	-	653 000	652 671	-0.05%
Dividends Received	-	-	-	-	-	-	-	-
Fines	30 000	-	30 000	-	-	30 000	3 050	-89.83%
Licences and Permits	35 550	-	35 550	-	-	35 550	26 787	-24.65%
Agency Services	135 000	-	135 000	-	-	135 000	134 019	-0.73%
Transfers Recognised - Operational	29 501 580	841 200	30 342 780	-	-	30 342 780	25 299 702	-16.62%
Other Revenue	1 185 250	458 410	1 643 660	-	-	1 643 660	155 744	-90.52%
Gains on Disposal of PPE	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	49 679 610	741 200	50 420 810	-	-	50 420 810	42 724 536	-15.26%
EXPENDITURE								
Employee Related Costs	14 907 210	(1 134 790)	13 772 420	-	-	13 772 420	11 441 715	-16.92%
Remuneration of Councillors	1 991 210	-	1 991 210	-	-	1 991 210	1 736 146	-12.81%
Debt Impairment	1 935 610	(110 000)	1 825 610	-	-	1 825 610	5 076 685	178.08%
Depreciation and Asset Impairment	2 391 740	5 000	2 396 740	-	-	2 396 740	1 789 453	-25.34%
Finance Charges	346 520	-	346 520	-	-	346 520	468 964	35.34%
Bulk Purchases	6 503 770	400 000	6 903 770	-	-	6 903 770	8 116 010	17.56%
Other Materials	1 392 560	-	1 392 560	-	-	1 392 560	1 258 148	-9.65%
Contracted Services	5 000	280 000	285 000	-	-	285 000	289 230	1.48%
Transfers and Grants	-	-	-	-	-	-	-	-
Other Expenditure	20 795 570	1 201 840	21 997 410	-	-	21 997 410	23 265 557	5.76%
Loss on Disposal of PPE	20 000	5 000	25 000	-	-	25 000	33 843	35.37%
Total Expenditure	50 289 190	647 050	50 936 240	-	-	50 936 240	53 475 752	4.99%
Surplus/(Deficit)	(609 580)	94 150	(515 430)	-	-	(515 430)	(10 751 216)	1985.87%
Transfers Recognised - Capital	14 463 360	13 542 220	28 005 580	-	-	28 005 580	10 871 438	-61.18%
Contributions Recognised - Capital	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	13 853 780	13 636 370	27 490 150	-	-	27 490 150	120 222	-99.56%
Taxation	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	13 853 780	13 636 370	27 490 150	-	-	27 490 150	120 222	-99.56%
Attributable to Minorities	-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	13 853 780	13 636 370	27 490 150	-	-	27 490 150	120 222	-99.56%
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	13 853 780	13 636 370	27 490 150	-	-	27 490 150	120 222	-99.56%

KHAI-MA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
			(i.t.o. s28 and s31 of the MFMA)		(i.t.o. s31 of the MFMA)	(i.t.o. Council approved by- law)		2014 R	%
		R	R	R	R	R	R	R	
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other		20 374 043	(4 553 779)	15 820 265	-	-	15 820 265	10 436 456	-34.03%
Government - Operating		29 501 580	841 200	30 342 780	-	-	30 342 780	26 844 317	-11.53%
Government - Capital		11 614 760	13 542 220	25 156 980	-	-	25 156 980	10 871 438	-56.79%
Interest		200 000	30 000	230 000	-	-	230 000	366 699	59.43%
Dividends		-	-	-	-	-	-	-	
Payments									
Suppliers and Employees		(38 018 604)	(8 605 873)	(46 624 477)	-	-	(46 624 477)	(36 584 239)	-21.53%
Finance Charges		(346 520)	-	(346 520)	-	-	(346 520)	(117 011)	-66.23%
Transfers and Grants		-	-	-	-	-	-	-	
Net Cash from/(used) Operating Activities	43.2.8	23 325 259	1 253 768	24 579 027	-	-	24 579 027	11 817 659	-51.92%
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		-	-	-	-	-	-	1 237 047	100.00%
Decrease/(Increase) in Non-Current Debtors		-	-	-	-	-	-	-	
Decrease/(Increase) in Other Non-Current Receivables		-	-	-	-	-	-	-	
Decrease/(Increase) in Non-Current Investments		-	-	-	-	-	-	-	
Payments									
Capital Assets		(15 803 360)	(13 595 620)	(29 398 980)	-	-	(29 398 980)	(11 632 255)	-60.43%
Net Cash from/(used) Investing Activities	43.2.9	(15 803 360)	(13 595 620)	(29 398 980)	-	-	(29 398 980)	(10 395 208)	-64.64%
CASH FLOW FROM FINANCING ACTIVITIES									
Receipts									
Short Term Loans		-	-	-	-	-	-	-	
Borrowing long term/refinancing		1 300 000	-	1 300 000	-	-	1 300 000	-	-100.00%
Increase/(Decrease) in Consumer Deposits		5 965	(3 016)	2 949	-	-	2 949	14 525	392.49%
Payments									
Repayment of Borrowing		-	-	-	-	-	-	(21 051)	100.00%
Net Cash from/(used) Financing Activities	43.2.10	1 305 965	(3 016)	1 302 949	-	-	1 302 949	(6 526)	-100.50%
NET INCREASE/(DECREASE) IN CASH HELD									
Cash and Cash Equivalents at the year begin:		8 827 864	(12 344 868)	(3 517 004)	-	-	(3 517 004)	1 415 925	-140.26%
		6 293 020	111 267	6 404 287	-	-	6 404 287	6 404 287	0.00%
Cash and Cash Equivalents at the year end:		15 120 884	(12 233 601)	2 887 283	-	-	2 887 283	7 820 212	170.85%

INSERT ACCOUNTING POLICY

Separate document page 11 -48

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
2. NET ASSET RESERVES		
RESERVES	23 921 410	3 814 154
Housing Development Fund	16 155	15 419
Revaluation Reserve	23 905 255	3 798 735
Total Net Asset Reserve and Liabilities	23 921 410	3 814 154

2.1 The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.

2.2 The Revaluation Reserve is created by surplus arising from the revaluation of property, plant and equipment.

3. LONG TERM LIABILITIES

Capitalised Lease Liability - At amortised cost

	33 993	55 044
Less: Current Portion transferred to Current Liabilities	(23 450)	(21 051)
Capitalised Lease Liability - At amortised cost	(23 450)	(21 051)
Total Long-term Liabilities - At amortised cost using the effective interest rate method	10 544	33 993

	2014 R	2013 R
3.1 The obligations under finance leases are scheduled below:		
Amounts payable under finance leases:		
Payable within one year	25 992	25 992
Payable within two to five years	10 830	36 822
Payable after five years	-	-
	36 822	62 814
Less: Future finance obligations	(2 829)	(7 770)
Present value of finance lease obligations	33 993	55 044

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Nashua	MP 2851 Copier	10.72%	0%	5 Years	30/11/2016
Nashua	MP 2000 Copier	11.02%	0%	5 Years	30/11/2016

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Hire Purchases and Leases are secured by property, plant and equipment - Note 12

4. NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	3 204 897	3 576 491
Correction of Error - Note 37.1	-	(1 096 101)
Total Non-current Provisions	3 204 897	2 480 390

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
4.1 Landfill Sites		
Balance 1 July	2 480 390	3 862 923
Contribution for the year	177 521	202 426
Change in Provision for Rehabilitation Cost	546 986	(1 348 259)
Expenditure for the year	-	(236 701)
Total provision 30 June	3 204 896	2 480 390
Less: Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	3 204 896	2 480 390

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

	Pofadder	Pella	Witbank	Melkbosrand	Sending/ Viljoensdraai
Area (m ²)	26 500	4 800	1 800	400	80
Rehabilitation volume (m ³)	41 360	3 520	360	800	80
Fence (m)	-	440	240	200	80
Cost of fence (Rand)	-	242 000	132 000	110 000	44 000
Site Clearance (R40/m ³)	-	193 600	19 800	44 000	4 400
Excavation cost (R40/m ³)	-	193 600	19 800	44 000	4 400
Filling (R20/m ²)	662 500	120 000	45 000	1 000	2 000
Environmental impact assessment	75 000	150 000	150 000	150 000	150 000
Application for permits	15 000	30 000	30 000	30 000	30 000
Preliminary and general (Rand)	-	139 380	59 490	58 200	35 220
Fees and expenses (Rand)	-	106 630	33 131	31 944	10 802

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites, at the end of the expected useful life, are as follows:

Location	Estimated decommission date	2014 R	2013 R
Pofadder	2015	893 383	2 655 426
Pella	2034	3 808 604	597 802
Witbank	2034	1 577 314	224 698
Melkbosrand	2034	1 535 670	407 930
Sending/ Viljoensdraai	2034	898 326	145 408
		8 713 297	4 031 264

5. NON-CURRENT EMPLOYEE BENEFITS

Provision for Post Retirement Health Care Benefits	4 502 945	3 857 836
Total Non-current Employee Benefits	4 502 945	3 857 836
<u>Post Retirement Health Care Benefits</u>		
Balance 1 July	3 974 524	3 793 322
Contribution for the year	546 848	423 345
Expenditure for the year	(105 029)	(96 184)
Actuarial Loss/(Gain)	196 042	(145 959)
Total provision 30 June	4 612 385	3 974 524
Less: Transfer of Current Portion to Current Provisions - Note 7	(109 440)	(116 688)
Balance 30 June	4 502 945	3 857 836

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
5.1 Provision for Post Retirement Health Care Benefits		
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	13	12
In-service (employee) non-members	47	44
Continuation members (e.g. Retirees, widows, orphans)	4	4
Total Members	64	60
The liability in respect of past service has been estimated to be as follows:		
In-service members	3 163 252	2 492 220
Continuation members	1 449 133	1 481 619
Total Liability	4 612 385	3 973 839
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
	2012 R	2011 R
In-service members	1 852 962	1 384 537
Continuation members	1 940 360	1 688 717
Total Liability	3 793 322	-
The municipality performed their first actuarial valuation on 30 June 2011. Thus there are no experience adjustment figures available on or before 30 June 2011 to fully comply with GRAP 25.		
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
LA Health		
Key Health		
The Current-service Cost for the ensuing year is estimated to be R241 349, whereas the Interest Cost for the next year is estimated to be R412 025.		
Key actuarial assumptions used:	2014 %	2013 %
i) Rate of interest		
Discount rate	9.04%	8.98%
Health Care Cost Inflation Rate	8.19%	7.78%
Net Effective Discount Rate	0.78%	1.11%
ii) Mortality rates		
The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.		
iii) Normal retirement age		
It has been assumed that in-service members will retire at age 63 for males and 58 for females, which then implicitly allows for expected rates of early and ill-health retirement.		
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	4 612 385	3 974 524
Fair value of plan assets	-	-
	4 612 385	3 974 524
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	4 612 385	3 974 524

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	3 974 524	3 793 322
Total expenses	441 819	327 161
Current service cost	194 895	131 462
Interest Cost	351 953	291 883
Benefits Paid	(105 029)	(96 184)
Actuarial (gains)/losses	196 042	(145 959)
Present value of fund obligation at the end of the year	4 612 385	3 974 524

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	-	-

Sensitivity Analysis on the Accrued Liability

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption				
Central Assumptions	3.163	1.449	4.612	

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption					
Health care inflation	1%	3.792	1.611	5.403	17%
Health care inflation	-1%	2.661	1.310	3.971	-14%
Post-retirement mortality	-1 year	3.274	1.509	4.783	4%
Average retirement age	-1 year	3.378	1.449	4.827	5%
Withdrawal Rate	-10%	2.640	1.449	4.089	-11%

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
Health care inflation	1%	238 000	410 400	649 300	19%
Health care inflation	-1%	160 500	304 300	464 800	-15%
Post-retirement mortality	-1 year	201 300	364 900	566 200	4%
Average retirement age	-1 year	184 700	367 800	552 500	1%
Withdrawal Rate	-50%	223 200	365 300	588 500	8%

	2014 Rm	2013 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	(0.046)	0.014
Assets: Gain / (loss)	-	-

The adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2012 Rm	2011 Rm	2010 Rm
Liabilities: (Gain) / loss	0.253	0.386	-
Assets: Gain / (loss)	-	-	-

The municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25.

5.2 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT PENSION FUND

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund has a funding level of 99,7% (30 June 2012 - 99,4%).

Contributions paid recognised in the Statement of Financial Performance	173 065	132 210
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DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

National fund for Municipal Workers	43 018	40 163
SAMWU National Provident Fund	274 701	525 661
	<u>317 719</u>	<u>565 825</u>

6. CONSUMER DEPOSITS

Water and Electricity	77 410	62 885
Total Consumer Deposits	<u>77 410</u>	<u>62 885</u>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

Consumer deposits are paid by consumers on application for new and electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

Guarantees held in lieu of Electricity Deposits	<u>-</u>	<u>-</u>
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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
7. CURRENT EMPLOYEE BENEFITS		
Staff Bonuses	299 073	240 264
Staff Leave	855 239	752 568
Current Portion of Non-Current Provisions	109 440	116 688
Current Portion of Post Retirement Benefits - Note 5	109 440	116 688
Total Provisions	1 263 752	1 109 520

The movement in current provisions are reconciled as follows:

7.1 Staff Bonuses

Balance at beginning of year	240 264	180 264
Contribution to current portion	555 955	492 136
Expenditure incurred	(497 146)	(432 136)
Balance at end of year	299 073	240 264

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

7.2 Staff Leave

Balance at beginning of year	752 568	735 811
Contribution to current portion	139 322	95 689
Expenditure incurred	(36 651)	(78 931)
Balance at end of year	855 239	752 568

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

8. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables		
Interest Accrued		
Pre-paid Electricity		
Payments received in advance	100 465	90 604
Retentions	908 742	148 943
Other Creditors	9 050 487	7 098 745
Deposits: Other	-	-
Total Trade Payables	10 059 695	7 338 292

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
Unspent Grants	10 527 668	9 305 077
National Government Grants	9 017 428	9 204 094
Provincial Government Grants	1 352 221	6 750
District Municipality	94 234	94 234
Other Sources	63 785	-
Less: Unpaid Grants	(415 190)	(737 214)
National Government Grants	(220 822)	(26 884)
Provincial Government Grants	(194 368)	(710 330)
District Municipality	-	-
Other Sources	-	-
Total Conditional Grants and Receipts	10 112 478	8 567 863
See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.		
10. TAXES		
10.1 VAT Payable	(5 673)	(3 906)
VAT output in suspense	(2 286 763)	(1 585 292)
Less: Contribution to provision for impairment of trade receivables from exchange transactions	2 196 272	1 518 339
Total VAT Payable	(96 164)	(70 859)
10.2 VAT Receivable	416 500	163 566
VAT input in suspense	712 132	567 934
Total VAT Receivable	1 128 632	731 500
10.3 Total Net VAT Receivable/(Payable)	1 032 467	660 641

VAT is receivable/payable on the cash basis.

11. SHORT-TERM LOANS

The Municipality has no short term loans.

KHAI MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
12.	PROPERTY, PLANT AND EQUIPMENT		
	See attached sheet		
	page 1		

[page 2](#)

[page 3](#)

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
12.3 Assets pledged as security:		
Leased Property, Plant and Equipment of R28 330 (2013: R48 323) is secured for leases as set out		
12.4 Details of Valuation		
Land and Buildings were revalued on 1 July 2013 by an independent valuer, DDP Valuations. Fair values were determined by reference to observable prices in the active market or recent market transactions on arm's length transactions. Land and Buildings are revalued every 5 years.		
The book value of Property, Plant and Equipment would have been R66 127 281 (2013: R62 508 184), if no revaluation took place.		
Reconciliation of revaluation surplus:		
Opening balance	3 798 735	3 934 049
Movement for the period		(135 314)
Closing balance	<u>3 798 735</u>	<u>3 798 735</u>
13. INVESTMENT PROPERTY		
Net Carrying amount at 1 July	146 138	148 094
Cost	160 405	87 550
Correction of Error - Note 37.3	-	72 855
Accumulated Depreciation	(14 267)	(12 311)
Accumulated Impairment Loss	-	-
Transfer from/(to) Property, Plant and Equipment - Note 12	(13 013)	-
Cost	(15 800)	-
Accumulated Depreciation	2 787	-
Acquisitions	174 540	-
Depreciation for the year	(1 435)	(1 956)
Net Carrying amount at 30 June	306 230	146 138
Cost	319 145	160 405
Accumulated Depreciation	(12 915)	(14 267)
Accumulated Impairment Loss	-	-
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
14. INTANGIBLE ASSETS		
Net Carrying amount at 1 July	274 092	342 107
Cost	476 108	476 108
Accumulated Amortisation	(202 016)	(134 001)
Accumulated Impairment Loss	-	-
Acquisitions	22 920	-
Amortisation	(68 776)	(68 015)
Disposals	(6 834)	-
Amortisation written back on disposal	3 925	-
Net Carrying amount at 30 June	225 327	274 092
Cost	492 194	476 108
Accumulated Amortisation	(266 867)	(202 016)
Accumulated Impairment Loss	-	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There age no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

	2014 R	2013 R
15. INVENTORY		
Housing - Inventory held for transfer	916 150	950 400
Materials - Housing Project	-	588 799
Materials - Pipes	194 606	194 606
Consumable Stores	198 065	75 270
Water - At purification cost	26 128	24 413
Total Inventory	1 334 949	1 833 487

No inventory assets were pledged as security for liabilities.

16. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	1 045 385	546 738
Water	16 950 848	12 053 901
Refuse	2 289 560	1 798 589
Sewerage	2 488 168	1 958 831
Recognition - Water debt	267 140	197 125
Recognition - Electricity debt	158 853	107 467
Recognition - Sewerage debt	3 315	3 150
Other Arrears	469 539	135 376
Total: Receivables from exchange transactions (before provision)	23 672 808	16 801 177
Less: Provision for Debt Impairment	(19 386 508)	(13 871 490)
Total: Receivables from exchange transactions (after provision)	4 286 300	2 929 687

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

(Electricity): Ageing

Current (0 - 30 days)	334 011	223 211
31 - 60 Days	82 599	31 303
61 - 90 Days	78 750	17 885
+ 90 Days	550 025	274 338
Total	1 045 385	546 738

(Water): Ageing

Current (0 - 30 days)	530 519	537 469
31 - 60 Days	520 348	524 740
61 - 90 Days	429 626	488 869
+ 90 Days	15 470 356	10 502 823
Total	16 950 848	12 053 901

(Refuse): Ageing

Current (0 - 30 days)	63 229	72 584
31 - 60 Days	45 082	52 008
61 - 90 Days	42 799	48 268
+ 90 Days	2 138 450	1 625 729
Total	2 289 560	1 798 589

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	82 912	136 711
31 - 60 Days	56 450	60 939
61 - 90 Days	53 569	53 869
+ 90 Days	2 295 236	1 707 312
Total	2 488 168	1 958 831

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	13 871 490	8 947 654
Contribution to provision	4 842 373	4 923 835
VAT on provision	677 932	-
Bad Debts written off against provision	(5 287)	-
Reversal of provision	-	-
Balance at end of year	19 386 508	13 871 490

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

17. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	2 193 773	1 820 587
Other Receivables	408 287	504 963
Irregular, Fruitless and Wasteful Expenditure - Receivables	32 917	32 917
Suspense Accounts	130 741	69 241
	2 765 719	2 427 708
Less: Provision for Debt Impairment	(1 438 942)	(1 289 313)
Total Receivables from non-exchange transactions	1 326 777	1 138 396

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

(Rates): Ageing

Current (0 - 30 days)	115 051	58 706
31 - 60 Days	30 981	28 745
61 - 90 Days	29 071	25 019
+ 90 Days	2 018 670	1 708 117
Total	2 193 773	1 820 587

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	1 289 313	1 088 575
Contribution to provision	234 311	200 738
Bad Debts written off against provision	(3 339)	-
Reversal of provision	(81 343)	-
Balance at end of year	1 438 942	1 289 313

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
The total amount of this provision is R1 438 942 and consist of:		
Taxes	1 438 942	1 207 970
Other	-	81 343
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	1 438 942	1 289 313

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

18. OPERATING LEASE ARRANGEMENTS**18.1 The Municipality as Lessor**

Operating Lease Asset	-	-
At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:		
Up to 1 Year	146 577	63 402
1 to 5 Years	234 277	110 942
More than 5 Years	-	-
Total Operating Lease Arrangements	380 854	174 345

This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.

The leases are in respect of land and buildings being leased out for pervious ranging until 2016.

19. BANK ACCOUNTS**19.1 Cash and Cash Equivalents**

Current Accounts	12 851	37 283
Call Investments Deposits	7 807 262	6 366 904
Cash Floats	100	100
Total Cash and Cash Equivalents - Assets	7 820 213	6 404 287

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of Rxx xxx xxx are held to fund the Unspent Conditional Grants (2013: Rxx xxx xxx).

The municipality has the following bank accounts:

Current Accounts

Standard Bank Limited – Account Number 04 185 0173 (Primary Bank Account)	12 851	37 283
	12 851	37 283

The Municipality has a bank overdraft facility of R700,000.
R200,000 of the call account balance is pledged as security for the overdraft facility.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
<u>Call Investment Deposits</u>		
Standard Bank Limited - (Water Supply Pofadder (007)):	6 750	6 750
Standard Bank Limited - (Library Account (007)):	-	63 633
Standard Bank Limited - (Housing fund (007)):	15 309	15 309
Standard Bank Limited - (LGSETA (007)):	33 392	33 392
Standard Bank Limited - (General Deposit):	200 000	200 000
Standard Bank Limited - (Build of 184 Houses (017)):	897 759	47
Standard Bank Limited - (Municipal Infrastructure Grant (015)):	2 788 414	5 815 769
Standard Bank - (DOE - Upgrading of Electricity):	735 321	232 004
Standard Bank Limited - (DME: Electricity Efficiency Demand Side Management):	2 757 230	-
Standard Bank Limited - (Municipal Systems Improvement Grant):	313 038	-
Standard Bank Limited - (EPWP - Brick Making Project):	60 050	-
	7 807 262	6 366 904

Details of current account is as follow:

Standard Bank Limited – Account Number 04 185 0173 (Primary Bank Account)

Cash book balance at beginning of year	37 283	57 397
Cash book balance at end of year	12 851	37 283
Bank statement balance at beginning of year	137 562	197 307
Bank statement balance at end of year	35 843	137 562

Details of call investment accounts are as follow:

Standard Bank Limited - (Water Supply Pofadder (007)):

Cash book balance at beginning of year	6 750	6 750
Cash book balance at end of year	6 750	6 750
Bank statement balance at beginning of year	6 750	6 750
Bank statement balance at end of year	6 750	6 750

Standard Bank Limited - (Library Account (007)):

Cash book balance at beginning of year	63 633	112 106
Cash book balance at end of year	-	63 633
Bank statement balance at beginning of year	63 633	112 106
Bank statement balance at end of year	37 872	63 633

Standard Bank Limited - (Housing fund (007)):

Cash book balance at beginning of year	15 309	14 078
Cash book balance at end of year	15 309	15 309
Bank statement balance at beginning of year	15 309	14 078
Bank statement balance at end of year	15 309	15 309

Standard Bank Limited - (LGSETA (007)):

Cash book balance at beginning of year	33 392	33 392
Cash book balance at end of year	33 392	33 392
Bank statement balance at beginning of year	33 392	33 392
Bank statement balance at end of year	43 121	33 392

Standard Bank Limited - (General Deposit):

Cash book balance at beginning of year	200 000	200 000
Cash book balance at end of year	200 000	200 000
Bank statement balance at beginning of year	200 000	200 000
Bank statement balance at end of year	200 000	200 000

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
Standard Bank Limited - (Build of 184 Houses (017)):		
Cash book balance at beginning of year	47	448 342
Cash book balance at end of year	897 759	47
Bank statement balance at beginning of year	47	448 342
Bank statement balance at end of year	1 241 998	47
Standard Bank Limited - (Municipal Infrastructure Grant (015)):		
Cash book balance at beginning of year	5 815 769	7 965 831
Cash book balance at end of year	2 788 414	5 815 769
Bank statement balance at beginning of year	5 815 769	7 965 831
Bank statement balance at end of year	5 021 293	5 815 769
Standard Bank Limited - (DME: Electricity Efficiency Demand Side Management):		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	2 757 230	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	2 723 242	-
Standard Bank Limited - (Municipal Systems Improvement Grant):		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	313 038	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	431 418	-
Standard Bank Limited - (EPWP - Brick Making Project):		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	60 050	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	65 600	-
Standard Bank - (DOE - Upgrading of Electricity):		
Cash book balance at beginning of year	232 004	-
Cash book balance at end of year	735 321	232 004
Bank statement balance at beginning of year	232 004	-
Bank statement balance at end of year	797 689	232 004

20. PROPERTY RATES

Actual**Rateable Land and Buildings**

Residential Property	11 849 613	17 214 899
Commercial Property	2 300 580	2 561 370
Agricultural Purposes	730 656	1 207 041
State - National/ Provincial Services	8 665 794	13 446 488
	152 582	-
Less: Rebates	(9 039 200)	(14 781 707)
Total Assessment Rates	2 810 414	2 433 192

KHAI MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
<u>Valuations - 1 July 2013</u>		
Rateable Land and Buildings	967 171 755	625 996 327
Residential Property	203 002 225	93 140 740
Commercial Property	40 592 000	34 951 790
Agricultural Purposes	722 149 530	488 963 197
State - National/ Provincial Services	1 428 000	8 940 600
Less: Income Forgone	(753 266 630)	(537 516 633)
Total Assessment Rates	213 905 125	88 479 694

The applicable rates that are applied to property valuations to determine assessment rates are as follows:- Agricultural land -0.000650 cents per rand, land and improvements -0.012 cents per rand. A discount of 10% was granted to the State.

Rates are levied annually and monthly. Monthly rates are payable by the 30th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2013.

21. **GOVERNMENT GRANTS AND SUBSIDIES**

<u>Unconditional</u>		
Equitable Share	13 134 000	12 489 000
<u>Conditional</u>	23 037 140	11 873 462
Grants and Donations	23 037 140	11 449 105
Correction of Error - Note 37.5	-	424 356
Total Government Grants and Subsidies	36 171 140	24 362 462
Government Grants and Subsidies - Operating	25 299 702	20 852 801
Government Grants and Subsidies - Capital	10 871 438	3 509 660
Total Government Grants and Subsidies	36 171 140	24 362 462
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	13 134 000	12 489 000
Executive & Council	217 701	199 192
Budget & Treasury	2 594 396	1 216 262
Corporate Services	200 380	-
Planning & Development	-	73 972
Community & Social Services	3 656 216	3 763 854
Housing	8 679 680	5 610 664
Waste Management	-	278 464
Waste Water Management	2 951 092	174 950
Road Transport	2 212 444	28 751
Water	1 224 435	86 047
Electricity	1 300 797	441 307
Total Government Grants and Subsidies	36 171 140	24 362 462

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
21.1 <u>Equitable Share</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	13 134 000	12 489 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(13 134 000)	(12 489 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

21.2 Local Government Financial Management Grant (FMG)

Opening balance	(26 884)	(69 425)
Correction of Error	-	-
Grants received	1 650 000	1 500 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 774 193)	(1 387 089)
Conditions met - Capital	(69 745)	(70 371)
Conditions still to be met	(220 822)	(26 884)

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

21.3 Municipal Systems Improvement Grant (MSIG)

Opening balance	431 418	376 787
Correction of Error	-	-
Grants received	890 000	800 000
Interest received	-	-
Repaid to National Revenue Fund	(431 418)	-
Conditions met - Operating	(268 339)	(684 477)
Conditions met - Capital	(146 457)	(60 892)
Conditions still to be met	475 204	431 418

The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

21.4 Municipal Infrastructure Grant (MIG)

Opening balance	8 205 845	9 244 924
Correction of Error	-	-
Grants received	6 481 000	10 723 000
Interest received	-	-
Repaid to National Revenue Fund	(5 170 910)	(9 244 924)
Conditions met - Operating	-	-
Conditions met - Capital	(4 494 642)	(2 517 155)
Conditions still to be met	5 021 293	8 205 845

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
21.5 Integrated National Electrification Grant		
Opening balance	529 821	-
Correction of Error	-	-
Grants received	1 200 000	1 000 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(932 131)	(470 179)
Conditions still to be met	<u>797 689</u>	<u>529 821</u>

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

21.6 Housing Grant		
Opening balance	(703 370)	468 769
Correction of Error	-	-
Grants received	10 625 049	4 318 109
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(8 679 680)	(5 490 249)
Conditions met - Capital	-	-
Conditions still to be met	<u>1 241 998</u>	<u>(703 370)</u>

The Housing grant was utilised for the development of erven and the erection of top structures.

21.7 COGHSTA - Development of 198 Sites		
Opening balance	-	-
Correction of Error	-	-
Grants received	4 555 379	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(4 749 747)	-
Conditions still to be met	<u>(194 368)</u>	<u>-</u>

The grant was utilised for the development of erven.

21.8 Library Grant		
Opening balance	(6 959)	134 805
Correction of Error	-	-
Grants received	554 000	247 500
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(307 210)	(321 862)
Conditions met - Capital	(201 958)	(67 401)
Conditions still to be met	<u>37 872</u>	<u>(6 959)</u>

The grant was used to provide Library services to the community.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
21.9 Provincial Infrastructure Grant		
Opening balance	6 750	6 750
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>6 750</u>	<u>6 750</u>

The Provincial Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

21.10 Expanded Public Works Programme

Opening balance	-	-
Correction of Error	-	-
Grants received	1 000 000	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(934 400)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>65 600</u>	<u>-</u>

The grant was used for job creation.

21.11 Energy Efficiency and Demand Side Management

Opening balance	-	-
Correction of Error	-	-
Grants received	3 000 000	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(276 758)	-
Conditions still to be met	<u>2 723 242</u>	<u>-</u>

The grant was used for energy saving projects.

21.12 Namakwa District Municipality

Opening balance	94 234	146 654
Correction of Error	-	628 357
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(357 115)
Conditions met - Capital	-	(323 662)
Conditions still to be met	<u>94 234</u>	<u>94 234</u>

The grant was used for various projects.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
21.13 GCIS		
Opening balance	-	-
Correction of Error	-	-
Grants received	1 500	7 746
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 500)	(7 746)
Conditions met - Capital	-	-
Conditions still to be met	-	-
Grant was received to provide internet access during the Soccer World Cup to communities in order to watch the soccer.		
21.14 COGHTA - Housing		
Opening balance	-	-
Correction of Error	-	-
Grants received	-	64 318
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(64 318)
Conditions met - Capital	-	-
Conditions still to be met	-	-
Grant received from Provincial Government for housing projects.		
21.15 Department Environmental Affairs and Conservation		
Opening balance	-	-
Correction of Error	-	41 764
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(41 764)
Conditions met - Capital	-	-
Conditions still to be met	-	-
The grant was used to provide training to employees.		
21.16 Namakwa Diamond Fund Trust		
Opening balance	-	9 181
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(9 181)
Conditions met - Capital	-	-
Conditions still to be met	-	-
The grant was used to provide training to employees.		
21.17 LG SETA		
Opening balance	37 010	33 392
Correction of Error	-	-
Grants received	20 091	3 618
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(13 980)	-
Conditions met - Capital	-	-
Conditions still to be met	43 121	37 010
The grant was used to provide training to employees.		

KHAI MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
21.18 Vedanta Black Mountain		
Opening balance	-	-
Correction of Error	-	-
Grants received	207 064	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(186 400)	-
Conditions met - Capital	-	-
Conditions still to be met	20 664	-
The grant was used for various projects.		
21.19 Total Grants		
Opening balance	8 567 863	10 351 836
Correction of Error	-	670 121
Grants received	43 318 083	31 153 292
Interest received	-	-
Repaid to National Revenue Fund	(5 602 328)	(9 244 924)
Conditions met - Operating	(25 299 702)	(20 852 801)
Conditions met - Capital	(10 871 438)	(3 509 660)
Conditions still to be met/(Grant expenditure to be recovered)	10 112 478	8 567 863
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	10 527 668	9 305 077
Unpaid Conditional Government Grants and Receipts	(415 190)	(737 214)
Total	10 112 478	8 567 863
22. PUBLIC CONTRIBUTIONS AND DONATIONS		
Black Mountain	-	1 365 992
JCG Water Treatment	-	2 500
Total Public Contributions and Donations	-	1 368 492
23. SERVICE CHARGES		
Electricity	5 742 538	4 711 255
Service Charges	6 208 396	5 157 655
Less: Income Forgone	(465 858)	(446 400)
Water	5 680 126	5 266 794
Service Charges	8 120 036	7 130 745
Less: Income Forgone	(2 439 910)	(1 863 951)
Refuse Removal	680 061	527 404
Service Charges	2 244 329	1 837 527
Less: Income Forgone	(1 564 267)	(1 310 123)
Sewerage and Sanitation Charges	843 192	718 586
Service Charges	2 389 882	1 978 145
Less: Income Forgone	(1 546 690)	(1 259 558)
Other Service Charges - Private Works	-	-
Total Service Charges	12 945 917	11 224 039

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
24. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	366 699	299 120
Total Interest Earned - External Investments	366 699	299 120
25. INTEREST EARNED - OUTSTANDING RECEIVABLES		
Trade Receivables	652 671	812 501
Other Receivables	77 112	116 664
Total Interest Earned - Outstanding Receivables	729 784	929 165
26. OTHER INCOME		
Sundry Income	91 577	440 592
Building Plan Fees	7 250	1 131
Commissions	10 492	7 623
Connection Fees	62 013	9 526
Graves and Cemeteries	1 000	2 850
Valuation Certificates	-	638
Photocopies	1 621	663
Sale of sand	-	375
Sale of erven	12 000	-
Swimming Pool	2 632	4 323
Tanker Services	49 421	8 765
Correction of Error - Note 37.5	-	(424 356)
Total Other Income	238 006	52 131
27. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	8 054 983	7 171 632
Employee Related Costs - Contributions for Medical Aids	261 371	213 993
Employee Related Costs - Contributions for UIF and Pensions	1 003 427	870 605
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	324 945	336 132
Housing Benefits and Allowances	15 663	11 966
Overtime Payments	680 032	729 658
Bonuses	555 955	492 136
Provision for leave	139 322	95 689
Long Service Bonus	15 079	28 005
Contribution to provision - Post Retirement Medical - Note 5	194 895	131 462
	11 245 673	10 081 278
Less: Employee Costs allocated elsewhere	-	-
Total Employee Related Costs	11 245 673	10 081 278
KEY MANAGEMENT PERSONNEL		
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager - Mr E Cloete (Former)</i>		
Annual Remuneration	-	144 000
Travelling Allowance	-	34 000
Leave Pay	-	8 640
Bonus	-	-
Contributions to UIF, Medical and Pension Funds	-	34 007
Total	-	220 647

KHAI MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
Remuneration of the Municipal Manager - Mr MM Molete (Former Acting)		
Annual Remuneration	-	47 200
Car Allowance	-	-
Telephone allowance	-	-
Bonus	-	-
Contributions to UIF, Medical and Pension Funds	-	-
Total	-	47 200
Remuneration of the Municipal Manager - Mr F Mashilo (Former Acting)		
Annual Remuneration	19 550	-
Car Allowance	-	-
Housing benefits and other allowances	2 720	-
Bonus	-	-
Contributions - UIF, Medical, Pension	223	-
Total	22 493	-
Remuneration of the Municipal Manager - Mr EJ Vries (Former Acting)		
Annual Remuneration	238 987	-
Acting Allowance	110 492	-
Car Allowance	109 350	-
Housing benefits and other allowances	12 167	-
Bonus	19 916	-
Contributions - UIF, Medical, Pension	70 207	-
Total	561 119	-
Remuneration of the Municipal Manager - Mr KK Khumalo (Acting)		
Annual Remuneration	27 200	-
Car Allowance	-	-
Housing benefits and other allowances	308	-
Bonus	-	-
Contributions - UIF, Medical, Pension	-	-
Total	27 508	-
Remuneration of the Chief Finance Officer - Mr PJ van der Merwe		
Annual Remuneration	273 042	254 925
Car Allowance	122 498	107 542
Housing benefits and other allowances	5 683	5 683
Bonus	22 754	21 297
Long Service Bonus	-	15 333
Contributions - UIF, Medical, Pension	95 897	88 624
Total	519 874	493 404
Remuneration of the Acting Corporate Services Manager - Mr PJ Baker		
Annual Remuneration	-	162 814
Car Allowance	-	57 096
Leave Pay	-	40 052
Housing benefits and other allowances	-	11 265
Contributions - UIF, Medical, Pension	-	1 118
Total	-	272 345
28. REMUNERATION OF COUNCILLORS		
AJ Josop	606 717	606 717
PA van Heerden	188 238	188 238
HJ Raman	188 238	188 238
SM Magerman	188 238	188 238
S April	188 238	188 238
ST Basson	188 238	188 238
LH van Rooi	188 238	188 238
Total Councillors' Remuneration	1 736 146	1 736 146

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	440 134	146 711	19 872	-	606 717
Councillors	791 289	263 763	74 376	-	1 129 429
Total Councillors' Remuneration	1 231 423	410 475	94 248	-	1 736 146

In-kind Benefits

The Mayor is a full-time Councillor. She is provided with an office and secretarial support at the cost of the Municipality. The Mayor may utilise official Council transportation when engaged in official duties.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

.....
Signed: Municipal Manager

29. DEBT IMPAIRMENT

Receivables from exchange transactions - Note 16	5 520 306	4 923 835
Receivables from non-exchange transactions - Note 17	234 311	200 738
	5 754 617	5 124 573
Less: VAT Portion on Debt Impairment	(677 932)	(604 682)
Total Debt Impairment	5 076 685	4 519 892

30. DEPRECIATION AND AMORTISATION

Property, plant and equipment	1 719 242	2 091 448
Intangible assets	68 776	68 015
Investment property carried at cost	1 435	1 956
Total Depreciation and Amortisation	1 789 453	2 161 419

31. FINANCE COSTS

Long-term Liabilities	105 014	7 094
Non-current Provisions	177 521	202 426
Non-current Employee Benefits	351 953	291 883
Overdraft Facilities	11 997	-
Total Finance Costs	646 485	501 403

32. BULK PURCHASES

Electricity	5 736 484	3 940 764
Water	2 379 526	2 109 294
Total Bulk Purchases	8 116 010	6 050 058

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
33. OTHER OPERATING GRANT EXPENDITURE		
Operating Grant Expenditure per Vote		
Namakwa District Municipality	-	19 800
DWAF	6 876	-
Municipal Infrastructure Grant	-	675 952
Finance Management Grant	1 843 938	1 195 978
Municipal System Improvement Grant	268 339	-
EPWP (Expanded Public Works Program)	-	-
COHSTRA: Project NALA	-	-
Vedanta Black Mountain	187 547	-
Provincial Grant Expenditure	307 210	313 406
Housing Projects	8 679 680	5 610 664
Total Operating Grant Expenditure	<u>11 293 590</u>	<u>7 815 800</u>
34. GENERAL EXPENSES		
Advertisements	113 966	41 735
Audit Fees	(133 462)	373 967
Bank Charges	140 138	127 988
Cleansing	27 107	20 426
Commission - sale of electricity	54 048	47 734
Electricity	533 395	911 016
Fuel Vehicles	590 314	444 833
Indigent Subsidies - Electricity	-	277 340
Insurance	631 912	545 271
Legal Fees	5 010	5 720
Materials	214 892	253 812
Membership Fees	463 543	404 579
Postage and Telephone	307 087	310 788
Printing and Stationary	117 798	143 480
Travel Expenses	1 169 141	950 908
Uniforms and Protective Clothing	36 251	44 763
Other	1 115 311	1 107 132
Total General Expenses	<u>5 386 451</u>	<u>6 011 491</u>
35. GAIN/ (LOSS) ON SALE OF ASSETS		
Property, plant and equipment	33 843	(13 293)
Intangible assets	-	-
Investment property	-	-
Total Gain/ (Loss) on Sale of Assets	<u>33 843</u>	<u>(13 293)</u>
36. (IMPAIRMENT LOSS)/ REVERSAL OF IMPAIRMENT LOSS		
Property, Plant and Equipment	6 015 295	-
Intangible Assets	-	-
Investment Property	-	-
Inventory	34 250	9 650
Total (Impairment Loss)/ Reversal of Impairment Loss	<u>6 049 545</u>	<u>9 650</u>
37. CORRECTION OF ERROR IN TERMS OF GRAP 3		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
37.1 Non-Current Provisions		
Balance previously reported	-	3 576 491
IGRAP 2 Adjustments on Pofadder Landfill-site - Note 3	-	(1 096 101)
Restated Balance	<u>-</u>	<u>2 480 390</u>

Impairment i.t.o. IGRAP 2 not recognised in prior year.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
37.2 Property, Plant and Equipment		
Balance previously reported	-	66 306 918
Cost	-	324 400
Land not previously recognised - Note 12		324 400
Accumulated Depreciation	-	-
Restated Balance	-	66 631 319
Land not previously recognised.		
37.3 Investment Property		
Balance previously reported	-	73 283
Land not previously recognised - Note 13	-	72 855
Restated Balance	-	146 138
Land not previously recognised.		
37.4 Accumulated Surplus/(Deficit) - 1 July 2012		
IGRAP 2 Adjustments on Pofadder Landfill-site - Note 3	-	1 096 101
Property, Plant and Equipment: Land not previously recognised - Note 37.2	-	324 400
Investment Property: Land not previously recognised - Note 37.3	-	72 855
list movements		
Total	-	1 493 357

37.5 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property taxes		2 433 192	-	2 433 192
Government Grants and Subsidies		23 938 105	424 356	24 362 462
Public Contributions and Donations		1 368 492	-	1 368 492
Fines		16 600	-	16 600
Actuarial Gains		145 959	-	145 959
Service Charges		11 224 038	-	11 224 038
Rental of Facilities and Equipment		139 019	-	139 019
Interest Earned - external investments		299 120	-	299 120
Interest Earned - outstanding receivables		929 165	-	929 165
Licences and Permits		25 654	-	25 654
Income for Agency Services		118 435	-	118 435
Other Income		476 487	(424 356)	52 131
Total		41 114 267	(0)	41 114 267
Expenditure				
Employee related costs		(10 081 278)	-	(10 081 278)
Remuneration of Councillors		(1 736 145)	-	(1 736 145)
Debt Impairment		(4 519 892)	-	(4 519 892)
Depreciation and Amortisation		(2 161 419)	-	(2 161 419)
Repairs and Maintenance		(1 311 392)	-	(1 311 392)
Finance Costs		(501 403)	-	(501 403)
Bulk Purchases		(6 050 058)	-	(6 050 058)
Contracted Services		(266 816)	-	(266 816)
Grants and Subsidies Paid		(90 111)	-	(90 111)
Other Operating Grant Expenditure		(7 815 800)	-	(7 815 800)
General Expenses		(6 034 434)	-	(6 034 434)
Total		(40 568 748)	-	(40 568 748)
Net Surplus/(Deficit) for the year		545 519	(0)	545 519

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
38. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	120 222	545 519
Adjustments for:		
Depreciation and amortisation	1 789 453	2 161 419
Loss/(Gain) on disposal of property, plant and equipment	33 843	13 293
Impairment Loss/(Reversal of Impairment Loss)	6 049 545	9 650
Government Grants and Subsidies received	37 715 755	31 717 330
Government Grants and Subsidies recognised as revenue	(36 171 140)	(24 362 462)
Grants repaid to National Treasury Fund	-	(9 244 924)
Contribution to provisions – Non-Current Provisions	177 521	202 426
Contribution to provisions – Expenditure incurred	-	(236 701)
Contribution from/to provisions - Current Employee Benefits	695 277	587 824
Contribution from/to provisions - Non-Current Employee Benefits	546 848	423 345
Contribution from/to provisions - Non-Current Employee Benefits - Expenditure incurred	(105 029)	(96 184)
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	196 042	(145 959)
Contribution to provisions – Bad debt	5 754 617	5 124 573
Reversal of Provision for Bad debt	(81 343)	-
Bad debts written off	(8 626)	-
Operating Surplus/(Deficit) before changes in working capital	16 712 984	6 699 150
Changes in working capital	(4 895 325)	(5 046 247)
Increase/(Decrease) in Trade and Other Payables	2 721 403	496 251
Increase/(Decrease) in Employee Benefits	(533 797)	(511 067)
Increase/(Decrease) in Taxes	(371 826)	(225 666)
(Increase)/Decrease in Inventory	498 538	783 940
(Increase)/Decrease in Trade Receivables from exchange transactions	(6 871 632)	(5 700 810)
(Increase)/Decrease in Other Receivables from non-exchange transactions	(338 011)	111 105
Cash generated/(absorbed) by operations	11 817 659	1 652 903
39. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 19	12 851	37 283
Call Investments Deposits - Note 19	7 807 262	6 366 904
Cash Floats - Note 19	100	100
Total cash and cash equivalents	7 820 213	6 404 287
40. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 39	7 820 213	6 404 287
Less:	(10 543 823)	(9 320 496)
Unspent Committed Conditional Grants - Note 9	(10 527 668)	(9 305 077)
Cash Portion of Housing Development Fund - Note 2	(16 155)	(15 419)
Net cash resources available for internal distribution	(2 723 610)	(2 916 209)
Allocated to:		
Capital Replacement Reserve	-	-
Resources available for working capital requirements	(2 723 610)	(2 916 209)
41. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 3	33 993	55 044
Used to finance property, plant and equipment - at cost	(33 993)	(55 044)
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

42. BUDGET COMPARISONS

	2014 Actual R	2014 Final Budget R	2014 Variance R	2014 Variance %
42.1 Operational Budget by Standard Classification				
<u>Revenue - Standard</u>				
Governance and Administration				
Executive and council	217 701	250 000	(32 299)	-12.92%
Budget and Treasury Office	18 085 617	18 148 100	(62 483)	-0.34%
Corporate Services	755 027	564 700	190 327	33.70%
Community and Public Safety				
Community and Social Services	5 310 785	7 438 740	(2 127 955)	-28.61%
Sport and Recreation	2 632	5 000	(2 368)	-47.35%
Public Safety	-	-	-	-
Housing	8 679 680	14 663 780	(5 984 100)	-40.81%
Health	-	-	-	-
Economic and Environmental Services				
Planning and Development	-	100 000	(100 000)	-100.00%
Road Transport	2 933 033	11 885 810	(8 952 777)	-75.32%
Environmental Protection	-	-	-	-
Trading Services				
Electricity	7 124 667	11 148 320	(4 023 653)	-36.09%
Water	7 394 381	8 524 140	(1 129 759)	-13.25%
Waste Water Management	3 918 953	4 905 260	(986 307)	-20.11%
Waste Management	748 702	792 540	(43 838)	-5.53%
Other	-	-	-	-
Total Revenue	55 171 180	78 426 390	(23 255 210)	-29.65%
	2014 Actual R	2014 Budget R	2014 Variance R	2014 Variance %
<u>Expenditure - Standard</u>				
Governance and Administration				
Executive and council	(3 282 355)	(3 905 300)	622 945	-15.95%
Budget and Treasury Office	(4 579 170)	(4 664 440)	85 270	-1.83%
Corporate Services	(10 998 029)	(4 824 430)	(6 173 599)	127.97%
Community and Public Safety				
Community and Social Services	(2 987 486)	(1 619 810)	(1 367 676)	84.43%
Sport and Recreation	(296 540)	(424 030)	127 490	-30.07%
Public Safety	(27 764)	-	(27 764)	100.00%
Housing	(8 679 680)	(14 663 780)	5 984 100	-40.81%
Health	-	(120 500)	120 500	-100.00%
Economic and Environmental Services				
Planning and Development	(1 065 907)	(1 171 840)	105 933	-9.04%
Road Transport	(1 529 815)	(1 046 950)	(482 865)	46.12%
Environmental Protection	-	-	-	-
Trading Services				
Electricity	(6 943 639)	(5 468 350)	(1 475 289)	26.98%
Water	(8 997 217)	(6 745 730)	(2 251 487)	33.38%
Waste Water Management	(2 887 839)	(2 976 240)	88 401	-2.97%
Waste Management	(2 587 652)	(3 090 100)	502 448	-16.26%
Other	(187 866)	(214 740)	26 874	-12.51%
Total Expenditure	(55 050 959)	(50 936 240)	(4 114 719)	8.08%
Surplus/(Deficit) for the year	120 222	27 490 150	(27 369 928)	-99.56%

Details of material variances

Refer to note 45 for explanations.

KHAI MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 Actual R	2014 Budget R	2014 Variance R	2014 Variance %
42.2 Capital Expenditure by Standard Classification				
Governance and Administration				
Executive and council	240 084	690 000	(449 916)	-65.21%
Budget and Treasury Office	-	-	-	
Corporate Services	-	-	-	
Community and Public Safety				
Community and Social Services	3 523 545	8 188 230	(4 664 685)	-56.97%
Sport and Recreation	-	-	-	
Public Safety	-	-	-	
Housing	-	-	-	
Health	-	-	-	
Economic and Environmental Services				
Planning and Development	-	-	-	
Road Transport	1 278 045	10 434 960	(9 156 915)	-87.75%
Environmental Protection	-	-	-	
Trading Services				
Electricity	1 300 797	4 829 000	(3 528 203)	-73.06%
Water	1 224 435	1 563 210	(338 775)	-21.67%
Waste Water Management	2 968 593	3 693 580	(724 987)	-19.63%
Waste Management	1 096 758	-	1 096 758	
Other	-	-	-	
Total Capital Expenditure	11 632 255	29 398 980	(17 766 725)	-60.43%

Details of material variances

Refer to note 45 for explanations.

	2014 Actual R	2014 Budget R	2014 Variance R	2014 Variance %
42.3 Operational Budget by Municipal Vote				
<u>Revenue - Vote</u>				
Municipal Manager	217 701	250 000	(32 299)	-12.92%
Council and General	217 701	250 000	(32 299)	-12.92%
Finance	18 604 181	18 637 650	(33 469)	
Assessment Rates	2 887 526	2 962 650	(75 124)	-2.54%
Chief Financial Officer	2 064 091	1 801 520	262 571	14.57%
Internal Auditor	-	249 930	(249 930)	-100.00%
Other Subsidies	13 134 000	13 134 000	-	0.00%
Property Services	353 199	289 000	64 199	22.21%
Vehicle Licencing and Testing	165 365	200 550	(35 185)	-17.54%
Corporate Services	5 712 613	7 714 440	(2 001 827)	-25.95%
Cemetery	13 000	9 600	3 400	35.42%
Corporate Services	401 828	275 700	126 128	45.75%
Library	509 281	554 000	(44 719)	-8.07%
Municipal and Public Buildings	3 147 047	3 035 140	111 907	3.69%
Public Works	1 641 457	3 840 000	(2 198 543)	-57.25%
Infrastructure Development	21 957 004	37 060 520	(15 103 516)	-40.75%
Electricity	7 124 667	11 148 320	(4 023 653)	-36.09%
Parks and Recreation	2 632	5 000	(2 368)	-47.35%
Refuse	748 702	792 540	(43 838)	-5.53%
Roads	2 767 668	11 685 260	(8 917 592)	-76.31%
Sewerage	3 918 953	4 905 260	(986 307)	-20.11%
Water	7 394 381	8 524 140	(1 129 759)	-13.25%
Economic Development	8 679 680	14 763 780	(6 084 100)	-41.21%
Housing	8 679 680	14 663 780	(5 984 100)	-40.81%
IDP/LED	-	100 000	(100 000)	-100.00%
Total Revenue	55 171 180	78 426 390	(23 255 210)	-29.65%

KHAI MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 Actual R	2014 Budget R	2014 Variance R	2014 Variance %
<u>Expenditure - Vote</u>				
Municipal Manager	(3 282 355)	(3 905 300)	622 945	-15.95%
Council and General Municipal Manager	(2 893 787) (388 569)	(3 185 130) (720 170)	291 343 331 601	-9.15% -46.04%
Finance	(10 746 814)	(4 919 380)	(5 827 434)	
Assessment Rates	(234 311)	(200 000)	(34 311)	17.16%
Chief Financial Officer	(4 030 990)	(3 814 510)	(216 480)	5.68%
Internal Auditor	-	(249 930)	249 930	-100.00%
Other Subsidies	(313 868)	(400 000)	86 132	-21.53%
Property Services	(6 163 231)	(227 940)	(5 935 291)	2603.88%
Vehicle Licencing and Testing	(4 413)	(27 000)	22 587	-83.65%
Corporate Services	(7 804 954)	(6 284 300)	(1 520 654)	24.20%
Cemetery	(149 262)	(197 580)	48 318	-24.46%
Corporate Services	(4 834 798)	(4 596 490)	(238 308)	5.18%
Disaster Management	(27 764)	(120 500)	92 737	-76.96%
Health	-	-	-	
Library	(851 108)	(854 730)	3 622	-0.42%
Municipal and Public Buildings	(419 823)	(515 000)	95 177	-18.48%
Public Works	(1 522 200)	-	(1 522 200)	100.00%
Infrastructure Development	(23 283 382)	(19 776 900)	(3 506 482)	17.73%
Electricity	(6 943 639)	(5 468 350)	(1 475 289)	26.98%
Parks and Recreation	(296 540)	(424 030)	127 490	-30.07%
Refuse	(2 587 652)	(3 090 100)	502 448	-16.26%
Roads	(1 525 401)	(1 019 950)	(505 451)	49.56%
Sewerage	(2 887 839)	(2 976 240)	88 401	-2.97%
Television	(45 093)	(52 500)	7 407	-14.11%
Water	(8 997 217)	(6 745 730)	(2 251 487)	33.38%
Economic Development	(9 933 453)	(16 050 360)	6 116 907	-38.11%
Housing	(8 679 680)	(14 663 780)	5 984 100	-40.81%
IDP/LED	(1 065 907)	(1 171 840)	105 933	-9.04%
Tourism	(187 866)	(214 740)	26 874	-12.51%
Total Expenditure	(55 050 959)	(50 936 240)	(4 114 719)	8.08%
Surplus/(Deficit) for the year	120 222	27 490 150	(27 369 928)	-99.56%

Details of material variances

Refer to note 45 for explanations.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 Actual R	2014 Budget R	2014 Variance R	2014 Variance %
42.4 Capital Expenditure by Municipal Vote				
Municipal Manager	240 084	290 000	(49 916)	-17.21%
Council and General Municipal Manager	240 084	290 000	(49 916)	-17.21%
Finance	-	-	-	
Assessment Rates		-	-	
Chief Financial Officer		-	-	
Internal Auditor		-	-	
Other Subsidies		-	-	
Property Services		-	-	
Vehicle Licencing and Testing		-	-	
Corporate Services	3 523 545	8 188 230	(4 664 685)	-56.97%
Cemetery		-	-	
Corporate Services		-	-	
Disaster Management		-	-	
Health		-	-	
Library	201 958	186 000	15 958	8.58%
Municipal and Public Buildings	3 321 587	2 662 230	659 357	24.77%
Public Works		5 340 000	(5 340 000)	-100.00%
Infrastructure Development	7 868 626	20 920 750	(13 052 124)	-62.39%
Electricity	1 300 797	5 229 000	(3 928 203)	-75.12%
Parks and Recreation		-	-	
Refuse	1 096 758	-	1 096 758	
Roads	1 278 045	10 434 960	(9 156 915)	-87.75%
Sewerage	2 968 593	3 693 580	(724 987)	-19.63%
Television		-	-	
Water	1 224 435	1 563 210	(338 775)	-21.67%
Economic Development	-	-	-	#DIV/0!
Housing		-	-	
IDP/LED		-	-	
Tourism		-	-	
Total Capital Expenditure	11 632 255	29 398 980	(17 766 725)	-60.43%

Details of material variances

Refer to note 45 for explanations.

43. BUDGET INFORMATION**43.1 Explanation of variances between approved and final budget amounts**

The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the abnormal high electricity and solid waste tariff increases on consumer debtors, the decrease in the capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources.

Explanation of variances greater than 5%: Final Budget and Actual Amounts**Statement of Financial Position****43.2.1 Current Assets**

Cash

Cash transferred to investment accounts.

Call Investment Deposits

Cash portion of unspent grants on year-end.

Other Debtors

*Ongoing legal process to recover legal cost, Irregular, Fruitless and Wasteful Expenditure.*2014
R2013
R

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Inventory

Decrease in Inventory for Housing project.

43.2.2 Non-Current Assets

Investment Property

Document reasons

Property, Plant and Equipment

Document reasons

Intangible Assets

Document reasons

43.2.3 Current Liabilities

Borrowing

Short-term portion of finance leases.

Consumer Deposits

Increase in consumers.

Trade and Other Payables

Increase due to cash flow problems to pay suppliers.

Provisions

Increase in leave provision.

43.2.4 Non-Current Liabilities

Borrowing

External loan not taken-up.

Provisions

Increase in provision for non-retirement benefits.

43.2.5 Net Assets

Accumulated Surplus/(Deficit)

Net effect of all deviations.

Reserves

Revaluation of Land and Buildings.

Statement of Financial Performance

43.2.6 Revenue

Property Rates - Penalties & Collection Charges

Increase in repayment rate of property rates.

Service Charges - Water Revenue

Decrease in water consumption.

Service Charges - Sanitation Revenue

Decrease in estimate consumption.

Rental of Facilities and Equipment

Additional rent received.

Interest Earned - External Investments

Increase in call deposits.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Fines

Actual fines received from Provincial Traffic less than budgeted for.

Licences and Permits

Licences issued less than budgeted for.

Transfers Recognised - Operational

Government Grants not spent on year-end.

Other Revenue

Decrease in VAT on grant expenditure recognised as own revenue due to Unspent Grants on year-end.

Transfers Recognised - Capital

Government Grants not spent on year-end.

45.2.7 Expenditure

Employee Related Costs

Vacant posts of senior management not filled.

Remuneration of Councillors

No increase in consumer remuneration.

Debt Impairment

Increase in non-payment by consumers.

Depreciation and Asset Impairment

Revaluation of Land and Buildings.

Finance Charges

Increase of interest cost of post-retirement benefits.

Bulk Purchases

Overspending of maximum demand of electricity.

Other Materials

Implementation of replacement strategy of older vehicles.

Other Expenditure

Operating Grant Expenditure less than budgeted for due to non-spending of Government Grants.

Loss on Disposal of PPE

Assets written-off.

Cash Flow Statement

43.2.8 Net Cash from Operating Activities

Ratepayers and other

Increase in non-payment by consumers.

Government - Operating

Unspent Government Grants on year-end.

Government - Capital

Unspent Government Grants on year-end.

Interest

Increase in Call Deposits.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Suppliers and Employees

Increase in Payables due to cash-flow problems experienced by the municipality.

Finance Charges

*Decrease in interest portion on Provision for Rehabilitation of Landfill-sites.***43.2.9 Net Cash from Investing Activities**

Capital Assets

*Unspent Government Grants on year-end.***43.2.10 Net Cash from Financing Activities**

Borrowing long term/refinancing

No external loans taken-up.

Increase/(Decrease) in Consumer Deposits

Increase in consumers.

Repayment of Borrowing

*Repayment of finance leases.***44. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED****44.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure:

Opening balance	12 578 271	6 997 396
Unauthorised expenditure current year - operational	10 854 570	2 617 635
Unauthorised expenditure current year - capital	-	47 030
Approved by Council or condoned	-	-
Grants utilised for Operating purposes	-	2 916 209
Unauthorised expenditure awaiting authorisation	23 432 842	12 578 271

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Over expenditure of approved budget	None	19 285 050	8 430 480
Grants utilised for Operating Purposes	None	4 147 791	4 147 791
		23 432 842	12 578 271

44.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	66 147	27 676
Fruitless and wasteful expenditure current year	-	38 471
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	66 147	66 147

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Interest on overdue Eskom accounts	None	42 033	42 033
Penalties and interest for late payment of value added taxation	None	4 444	4 444
Overpayment of SDL levies	None	2 872	2 872
Salary paid to PJ Baker after contract terminated - February 2013	None	13 023	13 023
Salary paid to JE Magerman - February 2013	None	3 775	3 775
		66 147	66 147

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
44.3 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	11 072 467	9 380 176
Irregular expenditure current year	-	1 692 291
Expenditure authorised i.t.o. Section 32 of MFMA	-	-
Condonement supported by council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting further action	11 072 467	11 072 467
Irregular expenditure awaiting condonement from National Treasury	11 072 467	11 072 467

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Payment made to employee, without renewal of contract - 2011	None	231 706	231 706
Appointment of supplier by former Accounting Officer without following Supply Chain Management procedures - 2011	None	5 609 311	5 609 311
Appointment of Municipal Manager in terms of Section 54 A (1) Subsection 4 was Null And Void (Ref to letter from COGHSTA dated 13 February 2013). All expenditure from date of appointment was classified as irregular - 2013	None	1 612 959	1 612 959
Non-compliance with Section 44 of the Supply Chain regulations - Dealings with a person in the service of the state - 2012	None	66 519	66 519
Deviations from the Supply Chain regulations - 3 Quotations not obtained - 2012	None	171 919	171 919
Deviations from the Supply Chain regulations - No declaration of interest - 2012	None	3 202 590	3 202 590
Deviations from the Supply Chain regulations - No declaration of interest - 2013	None	53 340	53 340
Deviations from the Supply Chain regulations - No original Tax Clearance Certificate - 2012	None	98 131	98 131
Finance Lease agreements entered into for a period longer than 3 years - 2013 Payments	None	25 992	25 992
		11 072 467	11 072 467

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

45. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

45.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

Opening balance	-	-
Council subscriptions	500 000	400 000
Amount paid - current year	(500 000)	(400 000)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

45.2 Audit fees - [MFMA 125 (1)(c)]

Opening balance	2 847 219	2 907 023
Current year audit fee	(223 682)	426 323
External Audit - Auditor-General	(223 682)	426 323
Amount paid - current year	(514 840)	(486 127)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	2 108 697	2 847 219

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R			
45.3 <u>VAT - [MFMA 125 (1)(c)]</u>					
Opening balance	163 615	25 713			
Amounts received - current year	(2 121 610)	(980 130)			
Amount claimed - current year	2 384 139	1 118 032			
Closing balance	426 145	163 615			
Vat in suspense due to cash basis of accounting	417 728	497 075			
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.					
45.4 <u>PAYE and UIF - [MFMA 125 (1)(c)]</u>					
Opening balance	-	-			
Current year payroll deductions	1 544 532	1 568 139			
Amount paid - current year	(1 414 716)	(1 568 139)			
Balance unpaid (included in creditors)	129 817	-			
45.5 <u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u>					
Opening balance	-	1 644			
Current year payroll deductions and Council Contributions	1 855 638	1 745 105			
Amount paid - current year	(1 702 549)	(1 746 749)			
Amount paid - previous year	-	-			
Balance unpaid (included in creditors)	153 089	-			
45.6 <u>Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</u>					
The following Councillors had arrear accounts for more than 90 days as at 30 June 2014:					
	Outstanding more than 90 days				
HJ Raman	1 539				
PA van Heerden	2 921				
45.7 <u>Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005</u>					
Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)					
	<u>Type of Deviation</u>				
	Amount	Single Supplier	Impossible	Impractical	Emergency
July	23 000	1	-	-	-
August	66 039	1	-	-	-
September	6 574	2	-	-	-
October	26 500	2	-	-	-
November	17 192	3	-	-	-
December	131 685	10	-	-	-
January	114 745	5	-	-	-
February	226 415	6	-	-	-
March	91 859	5	-	-	-
April	129 365	2	-	-	-
May	169 278	4	-	-	-
June	92 355	3	-	-	-
	1 095 008	44	-	-	-
45.8 <u>Material losses</u>					
Electricity distribution losses					
Percentage lost during distribution	11.74%				7.46%
Distribution loss (Rand Value)	774 768				417 006
Water distribution losses					
Percentage lost during distribution	24.00%				26.00%
Distribution loss (Rand Value)	1 924 596				1 862 456

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The municipality provides water services to indigent consumers. Consumptions used by indigent consumers are more than the free 6kl water they received. No action was taken to recover the additional consumptions from indigent consumers and based on history, outstanding amounts are not paid by indigent consumers. The cost to provide these services amounts to:

3 260 087	1 022 577
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46. CAPITAL COMMITMENTS**Commitments in respect of capital expenditure:**

Approved and contracted for:

Infrastructure
Community
Other

4 282 894	2 859 428
1 086 106	793 953
-	2 065 476
3 196 788	-
4 282 894	2 859 428

Total

This expenditure will be financed from:

Government Grants

4 282 894	2 859 428
4 282 894	2 859 428

Total**47. FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

	2014 R	2013 R
1% (2013: 1%) Increase in interest rates	77 861	63 491
1% (2013: 1%) Decrease in interest rates	(77 861)	(63 491)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All rates and services are payable within 30 days from invoice date. Refer to note 18 and 19 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 18 and 19 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2014 %	2014 R	2013 %	2013 R
<u>Non-exchange Receivables</u>				
Rates	6.91%	1 438 942	8.50%	1 289 313
<u>Exchange Receivables</u>				
Services	93.09%	19 386 508	91.50%	13 871 490
	100.00%	20 825 450	100.00%	15 160 802

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Investments to the value of R 200,000 were held as security for the overdraft facility at Standard Bank. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The bank utilised by the municipality for current and non-current investments are all listed on the JSE (Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
Financial assets exposed to credit risk at year end are as follows:		
Long-term Receivables	-	-
Receivables from exchange transactions	23 672 808	16 801 177
Receivables from non-exchange transactions	2 765 719	2 427 708
Cash and Cash Equivalents	7 820 113	6 404 187
Unpaid Conditional Grants and Subsidies	415 190	737 214
	<u>34 673 830</u>	<u>26 370 286</u>

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2014				
Long-term Liabilities	25 992	10 830	-	-
Provision for Rehabilitation of Landfill-sites	756 860	-	-	2 448 037
Trade and Other Payables	10 059 695	-	-	-
	<u>10 842 547</u>	<u>10 830</u>	<u>-</u>	<u>2 448 037</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2013				
Long-term Liabilities	25 992	36 822	-	-
Provision for Rehabilitation of Landfill-sites	-	3 576 491	-	-
Trade and Other Payables	7 338 292	-	-	-
	<u>7 364 284</u>	<u>3 613 313</u>	<u>-</u>	<u>-</u>
			2014 R	2013 R

48. FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

48.1 Financial Assets	Classification		
Receivables from Exchange Transactions			
Electricity	Financial Instruments at amortised cost	1 045 385	546 738
Water	Financial Instruments at amortised cost	16 950 848	12 053 901
Refuse	Financial Instruments at amortised cost	2 289 560	1 798 589
Sewerage	Financial Instruments at amortised cost	2 488 168	1 958 831
Other Arrears	Financial Instruments at amortised cost	469 539	135 376
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	12 851	37 283
Call Deposits	Financial Instruments at amortised cost	7 807 262	6 366 904
Total Financial Assets		<u>31 063 614</u>	<u>22 897 621</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
SUMMARY OF FINANCIAL ASSETS			
Financial Instruments at amortised cost:			
Receivables from Exchange Transactions	Electricity	1 045 385	546 738
Receivables from Exchange Transactions	Water	16 950 848	12 053 901
Receivables from Exchange Transactions	Refuse	2 289 560	1 798 589
Receivables from Exchange Transactions	Sewerage	2 488 168	1 958 831
Receivables from Exchange Transactions	Other Arrears	469 539	135 376
Cash and Cash Equivalents	Bank Balances	12 851	37 283
Cash and Cash Equivalents	Call Deposits	7 807 262	6 366 904
Total Financial Assets		31 063 614	22 897 621
48.2 Financial Liabilities			
Classification			
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	33 993	55 044
Trade and Other Payables			
Trade Creditors	Financial Instruments at amortised cost	-	-
Payments received in advance	Financial Instruments at amortised cost	100 465	90 604
Retentions	Financial Instruments at amortised cost	908 742	148 943
Sundry Deposits	Financial Instruments at amortised cost	9 050 487	7 098 745
Other Creditors	Financial Instruments at amortised cost	-	-
Total Financial Liabilities		10 093 688	7 393 337
SUMMARY OF FINANCIAL LIABILITIES			
Financial instruments at amortised cost:			
Long-term Liabilities	Capitalised Lease Liability	33 993	55 044
Trade and Other Payables	Payments received in advance	100 465	90 604
Trade and Other Payables	Retentions	908 742	148 943
Trade and Other Payables	Sundry Deposits	9 050 487	7 098 745
Total Financial Liabilities		10 093 688	7 393 337
49. EVENTS AFTER THE REPORTING DATE			
The Municipality is not aware of any events after the reporting date.			
50. IN-KIND DONATIONS AND ASSISTANCE			
The municipality did not receive any in-kind donations or assistance during the year under review.			
51. PRIVATE PUBLIC PARTNERSHIPS			
Council has not entered into any private public partnerships during the financial year.			
52. CONTINGENT LIABILITY			
Council have the following contingent liabilities at the end of the financial year 2013/14:			
The municipality does not have a permit or license for any of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.			
There is a claim against Khai-Ma Municipality by three individuals for the total amount of R240 000 plus legal costs. The defendants are claiming R80 000 respectively for damages suffered due to their wrongful arrest and malicious prosecution against the two Defendants jointly and severally. The Municipality's legal council is of the opinion that the municipality will successfully defend the case. The defendants intentionally dragging the case during the past financial year.			

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

53. RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

53.1 Related Party Transactions

	Rates	Service Charges	Other	Outstanding Balance
Year ended 30 June 2014				
Councillors				
S Magerman	420	8 687	-	312
AJ Josop	-	3 585	-	291
LH van Rooi	-	5 871	-	312
S Basson	1 980	7 681	-	834
S April	180	7 809	-	540
PA van Heerden	-	2 744	-	4 475
HJ Raman	60	5 096	-	3 131
	2 640	41 473	-	9 895
Municipal Manager and Section 57 Employees				
PJ van der Merwe	5 100	7 777	-	1 073
	5 100	7 777	-	1 073
Year ended 30 June 2013				
Councillors				
S Magerman	-	7 261	-	-
AJ Jonas	-	3 075	-	-
LH van Rooi	-	5 083	-	915
S Basson	2 027	6 068	-	1 034
S April	742	8 011	-	493
PA van Heerden	-	3 946	-	2 331
HJ Raman	15	4 826	-	353
	2 784	38 270	-	5 126
Municipal Manager and Section 57 Employees				
PJ Baker	2 842	4 635	-	1 019
PJ van der Merwe	3 759	7 384	-	1 612
	6 601	12 019	-	2 631

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

53.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

53.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 27 to the Annual Financial Statements.

54. FINANCIAL SUSTAINABILITY

Management is of the opinion that the municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

12. PROPERTY, PLANT AND EQUIPMENT

12.1 30 JUNE 2014

	Cost/Revaluation								Accumulated Depreciation and Impairment Losses							Carrying Value
	Opening Balance	Transfers	Correction of Error	Revaluation	Additions	Under Construction	Disposals/ Impairment	Closing Balance	Opening Balance	Transfers	Correction of Error	Revaluation	Depreciation	Disposals/ Impairment	Closing Balance	
Infrastructure																
Roads, Pavements & Bridges	3 401 361	-	-	-	-	1 278 045	-	4 679 405	1 134 136	-	-	-	129 087	-	1 263 224	3 416 182
Electricity Transmission & Reticulation	4 339 524	-	-	-	604 189	696 608	-	5 640 321	1 313 430	-	-	-	91 012	-	1 404 442	4 235 879
Water Reticulation	20 570 681	-	-	-	-	1 224 435	-	21 795 115	5 734 166	-	-	-	397 417	-	6 131 583	15 663 532
Sewerage Reticulation	3 673 290	-	-	-	-	2 951 092	(20 263)	6 604 119	939 566	-	-	-	71 817	(5 627)	1 005 755	5 598 363
Landfill Sites	2 903 379	-	-	-	1 096 758	-	-	4 000 136	2 056 193	-	-	-	66 389	549 772	2 672 354	1 327 782
Other	618 788	-	-	-	-	-	-	618 788	43 587	-	-	-	31 317	-	74 904	543 884
	35 507 021	-	-	-	1 700 947	6 150 179	(20 263)	43 337 884	11 221 079	-	-	-	787 039	544 145	12 552 262	30 785 622
Community Assets																
Libraries	85 306	70 554	-	-	-	175 034	-	330 894	-	-	-	-	-	-	-	330 894
Recreational Facilities	6 342 735	-	-	124 900	-	-	-	6 467 635	984 566	-	-	-	138 998	-	1 123 564	5 344 071
Fire, Safety & Emergency	59 222	-	-	-	-	-	(21 342)	37 880	29 289	-	-	-	8 796	(8 892)	29 193	8 688
Clinics	6 033 379	1 246 331	-	1 372 898	-	3 147 047	(1 204 666)	10 594 989	693 827	(528 077)	-	-	234 320	-	400 070	10 194 919
	12 520 641	1 316 885	-	1 497 798	-	3 322 081	(1 226 007)	17 431 399	1 707 682	(528 077)	-	-	382 113	(8 892)	1 552 826	15 878 572
Other Assets																
General Vehicles	2 898 568	-	-	-	-	-	(1 929)	2 896 639	1 617 414	-	-	-	227 253	(1 929)	1 842 738	1 053 900
Plant & Equipment	1 203 954	-	-	-	18 764	-	(91 819)	1 130 898	390 165	-	-	-	113 535	(91 516)	412 184	718 715
Computers - Hardware/Equipment	499 347	-	-	-	178 120	-	(22 242)	655 225	158 599	-	-	-	83 800	(12 531)	229 868	425 357
Furniture and Other Office Equipment	894 337	-	-	-	64 704	-	(85 064)	873 976	373 814	(2 894)	-	-	86 187	(81 107)	376 000	497 975
Other Buildings	1 815 128	(1 301 085)	-	-	-	-	(10 829)	503 213	494 509	(25 617)	-	(245 851)	19 008	-	242 048	261 165
Other Land	27 202 739	-	-	19 191 245	-	-	(6 015 295)	40 378 689	-	-	-	-	-	-	-	40 378 689
Other	4 620	-	-	-	-	-	-	4 620	103	-	-	-	308	-	411	4 209
Leases	99 990	-	-	-	-	-	-	99 990	51 662	-	-	-	19 998	-	71 660	28 330
	34 618 682	(1 301 085)	-	19 191 245	261 588	-	(6 227 180)	46 543 251	3 086 264	(28 511)	-	(245 851)	550 090	(187 083)	3 174 909	43 368 341
Total	82 646 345	15 800	-	20 689 043	1 962 535	9 472 260	(7 473 450)	107 312 533	16 015 025	(556 587)	-	(245 851)	1 719 242	348 169	17 279 997	90 032 536

	Cost/Revaluation								Accumulated Depreciation and Impairment Losses							Carrying Value
	Opening Balance	Transfers	Correction of Error	Revaluation	Additions	Under Construction	Disposals/ Impairment	Closing Balance	Opening Balance	Transfers	Correction of Error	Revaluation	Depreciation	Disposals/ Impairment	Closing Balance	
Infrastructure																
Roads, Pavements & Bridges	3 372 610	-	-	-	-	28 751	-	3 401 361	1 005 051	-	-	-	129 085	-	1 134 136	2 267 224
Electricity Transmission & Reticulation	3 898 216	-	-	-	-	441 308	-	4 339 524	1 234 264	-	-	-	79 166	-	1 313 430	3 026 094
Water Reticulation	20 541 930	-	-	-	-	28 751	-	20 570 681	5 336 749	-	-	-	397 417	-	5 734 166	14 836 515
Sewerage Reticulation	3 644 539	-	-	-	-	28 751	-	3 673 290	867 749	-	-	-	71 817	-	939 566	2 733 724
Landfill Sites	3 155 536	-	-	-	1 342	-	(253 499)	2 903 379	1 632 600	-	-	-	423 593	-	2 056 193	847 186
Other	238 508	-	-	-	380 280	-	-	618 788	19 940	-	-	-	23 647	-	43 587	575 201
	34 851 338	-	-	-	381 622	527 560	(253 499)	35 507 021	10 096 354	-	-	-	1 124 725	-	11 221 079	24 285 943
Community Assets																
Libraries	85 306	-	-	-	-	-	-	85 306	-	-	-	-	-	-	-	85 306
Recreational Facilities	6 342 735	-	-	-	-	-	-	6 342 735	845 569	-	-	-	138 998	-	984 566	5 358 169
Fire, Safety & Emergency	59 222	-	-	-	-	-	-	59 222	20 494	-	-	-	8 796	-	29 289	29 933
Clinics	3 841 248	-	-	-	-	2 192 131	-	6 033 379	549 167	-	-	-	144 660	-	693 827	5 339 552
	10 328 510	-	-	-	-	2 192 131	-	12 520 641	1 415 229	-	-	-	292 453	-	1 707 682	10 812 959
Other Assets																
General Vehicles	2 196 757	-	-	-	701 811	-	-	2 898 568	1 299 044	-	-	-	318 370	-	1 617 414	1 281 154
Plant & Equipment	639 451	-	-	-	564 502	-	-	1 203 954	279 294	-	-	-	110 871	-	390 165	813 789
Computers - Hardware/Equipment	450 697	-	-	-	70 371	-	(21 721)	499 347	99 896	-	-	-	68 038	(9 335)	158 599	340 748
Furniture and Other Office Equipment	746 416	-	-	-	150 051	-	(2 131)	894 337	283 983	-	-	-	91 056	(1 225)	373 814	520 523
Other Buildings	1 815 128	-	-	-	-	-	-	1 815 128	428 674	-	-	-	65 835	-	494 509	1 320 619
Other Land	26 878 339	-	324 400	-	-	-	-	27 202 739	-	-	-	-	-	-	-	27 202 739
Other	-	-	-	-	-	-	-	4 620	-	-	-	-	-	-	-	4 517
Leases	99 990	-	-	-	4 620	-	-	99 990	31 664	-	-	-	103	-	103	48 328
	32 826 779	-	324 400	-	1 491 355	-	(23 852)	34 618 682	2 422 554	-	-	-	674 270	(10 560)	3 086 264	31 532 418
Total	78 006 627	-	324 400	-	1 872 977	2 719 692	(277 352)	82 646 345	13 934 137	-	-	-	2 091 448	(10 560)	16 015 025	66 631 319

APPENDIX A
KHAI-MA MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2013	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2014
LEASE LIABILITY								
Office Equipment	Various	Various	30/11/2016	55 044	-	-	(21 051)	33 993
Total Lease Liabilities				55 044	-	-	(21 051)	33 993
TOTAL EXTERNAL LOANS				55 044	-	-	(21 051)	33 993

APPENDIX B
KHAI-MA MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
217 568	(3 345 933)	(3 128 365)	Executive & Council	217 701	(3 282 355)	(3 064 654)
17 123 482	(4 329 255)	12 794 227	Budget & Treasury Office	18 085 617	(4 579 170)	13 506 448
594 099	(4 007 287)	(3 413 188)	Corporate Services	755 027	(10 998 029)	(10 243 001)
73 972	(208 890)	(134 918)	Planning & Development	-	(1 065 907)	(1 065 907)
-	-	-	Health	-	-	-
5 539 722	(3 105 806)	2 433 916	Community & Social Services	5 310 785	(2 987 486)	2 323 300
5 610 664	(5 610 664)	-	Housing	8 679 680	(8 679 680)	-
-	(55 814)	(55 814)	Public Safety	-	(27 764)	(27 764)
4 323	(328 596)	(324 273)	Sport and Recreation	2 632	(296 540)	(293 908)
-	-	-	Environmental Protection	-	-	-
1 009 558	(3 322 212)	(2 312 654)	Waste Management	748 702	(2 587 652)	(1 838 950)
1 001 812	(2 745 753)	(1 743 941)	Waste Water Management	3 918 953	(2 887 839)	1 031 114
189 439	(965 024)	(775 585)	Road Transport	2 933 033	(1 529 815)	1 403 218
6 004 004	(8 789 771)	(2 785 767)	Water	7 394 381	(8 997 217)	(1 602 836)
5 240 162	(5 063 000)	177 162	Electricity	7 124 667	(6 943 639)	181 028
-	(185 281)	(185 281)	Other	-	(187 866)	(187 866)
42 608 805	(42 063 287)	545 518	Sub Total	55 171 180	(55 050 959)	120 222
-	-	-	Less Inter-Departmental Charges	-	-	-
42 608 805	(42 063 287)	545 518	Total	55 171 180	(55 050 959)	120 222

APPENDIX C
KHAI-MA MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS AS AT 30 JUNE 2014
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation							Accumulated Depreciation							Carrying Value
	Opening Balance	Correction of Error	Additions	Under Construction	Revaluation	Disposals/ Impairment	Closing Balance	Opening Balance	Transfers	Correction of Error	Revaluation	Depreciation	Disposals/ Impairment	Closing Balance	
Executive & Council	2 093 747	-	240 084	-	-	(191 749)	2 142 081	910 728	(2 894)	-	-	262 570	(162 573)	1 007 830	1 134 251
Budget & Treasury Office	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Services	26 910 163	397 256	-	-	19 316 145	(6 015 295)	40 608 269	16 035	-	-	-	1 336	-	17 371	40 590 899
Planning & Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community & Social Services	11 979 408	-	201 464	3 322 081	1 294 848	(1 252 977)	15 544 824	3 050 302	(795 140)	-	(245 851)	585 515	208 524	2 803 350	12 741 474
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport & Recreation	6 460 976	-	-	-	78 050	-	6 539 026	1 000 119	(7 192)	-	-	146 000	-	1 138 927	5 400 100
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	3 161 381	-	1 096 758	-	-	-	4 258 139	2 073 436	-	-	-	83 461	549 772	2 706 669	1 551 470
Waste Water Management	3 868 096	-	17 501	2 951 092	-	(20 263)	6 816 426	953 801	-	-	-	83 726	(5 628)	1 031 899	5 784 527
Road Transport	3 414 334	-	-	1 278 045	-	-	4 692 379	1 142 353	-	-	-	131 682	-	1 274 035	3 418 344
Water	20 650 673	-	-	1 224 435	-	-	21 875 107	5 765 650	-	-	-	403 701	-	6 169 351	15 705 756
Electricity	4 346 823	-	604 189	696 608	-	-	5 647 620	1 318 885	-	-	-	91 462	-	1 410 347	4 237 273
	82 885 601	397 256	2 159 995	9 472 260	20 689 043	(7 480 284)	108 123 871	16 231 308	(805 226)	-	(245 851)	1 789 453	590 094	17 559 779	90 564 093

APPENDIX D
KHAI-MA MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
MUNICIPAL VOTES CLASSIFICATIONS

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
			Municipal Manager			
217 568	(2 929 782)	(2 712 214)	Council and General	217 701	(2 893 787)	(2 676 085)
-	(416 152)	(416 152)	Municipal Manager	-	(388 569)	(388 569)
			Finance			
2 559 024	(200 738)	2 358 286	Assessment Rates	2 887 526	(234 311)	2 653 215
1 894 199	(3 678 933)	(1 784 734)	Chief Financial Officer	2 064 091	(4 030 990)	(1 966 899)
181 258	(172 244)	9 014	Internal Auditor	-	-	-
12 489 000	(277 340)	12 211 660	Other Subsidies	13 134 000	(313 868)	12 820 132
139 019	(137 884)	1 136	Property Services	353 199	(6 163 231)	(5 810 032)
160 689	(30 671)	130 018	Vehicle Licencing and Testing	165 365	(4 413)	160 951
			Corporate Services			
2 850	(121 911)	(119 061)	Cemetery	13 000	(149 262)	(136 262)
455 080	(3 869 598)	(3 414 518)	Corporate Services	401 828	(4 834 798)	(4 432 969)
-	(55 619)	(55 619)	Disaster Management	-	(27 764)	(27 764)
-	-	-	Health	-	-	-
389 264	(982 891)	(593 628)	Library	509 281	(851 108)	(341 827)
2 418 734	(458 702)	1 960 031	Municipal and Public Buildings	3 147 047	(419 823)	2 727 224
2 728 875	(1 494 538)	1 234 337	Public Works	1 641 457	(1 522 200)	119 258
			Infrastructure Development			
5 240 162	(5 063 000)	177 162	Electricity	7 124 667	(6 943 639)	181 028
4 323	(328 596)	(324 273)	Parks and Recreation	2 632	(296 540)	(293 908)
1 009 558	(3 322 212)	(2 312 654)	Refuse	748 702	(2 587 652)	(1 838 950)
28 751	(934 353)	(905 602)	Roads	2 767 668	(1 525 401)	1 242 267
1 001 812	(2 745 753)	(1 743 941)	Sewerage	3 918 953	(2 887 839)	1 031 114
-	(47 764)	(47 764)	Television	-	(45 093)	(45 093)
6 004 004	(8 789 771)	(2 785 767)	Water	7 394 381	(8 997 217)	(1 602 836)
			Economic Development			
5 610 664	(5 610 664)	-	Housing	8 679 680	(8 679 680)	-
73 972	(208 890)	(134 918)	IDP/LED	-	(1 065 907)	(1 065 907)
-	(185 281)	(185 281)	Tourism	-	(187 866)	(187 866)
42 608 805	(42 063 287)	545 518	Sub Total	55 171 180	(55 050 959)	120 222
-	-	-	Less Inter-Departmental Charges	-	-	-
42 608 805	(42 063 287)	545 518	Total	55 171 180	(55 050 959)	120 222

APPENDIX E
KHAI-MA MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2013	Correction of Error	Restated Balance 30 June 2013	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2014	Unspent 30 June 2014 (Creditor)	Unpaid 30 June 2014 (Debtor)
<u>National Government Grants</u>											
Equitable Share	-	-	-	13 134 000	-	-	(13 134 000)	-	-	-	-
Finance Management Grant	(26 884)	-	(26 884)	1 650 000	-	-	(1 774 193)	(69 745)	(220 822)	-	(220 822)
Municipal System Improvement Grant	431 418	-	431 418	890 000	-	(431 418)	(268 339)	(146 457)	475 204	475 204	-
Municipal Infrastructure Grant	8 205 845	-	8 205 845	6 481 000	-	(5 170 910)	-	(4 494 642)	5 021 293	5 021 293	-
Integrated National Electrification Grant	529 821	-	529 821	1 200 000	-	-	-	(932 131)	797 689	797 689	-
Energy Efficiency and Demand Side Management	-	-	-	3 000 000	-	-	-	(276 758)	2 723 242	2 723 242	-
Total National Government Grants	9 140 199	-	9 140 199	26 355 000	-	(5 602 328)	(15 176 532)	(5 919 733)	8 796 606	9 017 428	(220 822)
<u>Provincial Government Grants</u>											
Housing	(703 370)	-	(703 370)	10 625 049	-	-	(8 679 680)	-	1 241 998	1 241 998	-
COGHTA - Development of 198 sites	-	-	-	4 555 379	-	-	-	(4 749 747)	(194 368)	-	(194 368)
Library	(6 959)	-	(6 959)	554 000	-	-	(307 210)	(201 958)	37 872	37 872	-
Provincial Infrastructure Grant	6 750	-	6 750	-	-	-	-	-	6 750	6 750	-
GCIS	-	-	-	1 500	-	-	(1 500)	-	-	-	-
Expanded Public Works Programme	-	-	-	1 000 000	-	-	(934 400)	-	65 600	65 600	-
Total Provincial Government Grants	(703 580)	-	(703 580)	16 735 928	-	-	(9 922 790)	(4 951 705)	1 157 853	1 352 221	(194 368)
<u>District Municipality</u>											
Namakwa DM	94 234	-	94 234	-	-	-	-	-	94 234	94 234	-
Total District Municipality Grants	94 234	-	94 234	-	-	-	-	-	94 234	94 234	-
<u>Other Grant Providers</u>											
LG SETA	37 010	-	37 010	20 091	-	-	(13 980)	-	43 121	43 121	-
Vedanta Black Mountain	-	-	-	207 064	-	-	(186 400)	-	20 664	20 664	-
Total Other Grant Providers	37 010	-	37 010	227 155	-	-	(200 380)	-	63 785	63 785	-
Total Grants	8 567 863	-	8 567 863	43 318 083	-	(5 602 328)	(25 299 702)	(10 871 438)	10 112 478	10 527 668	(415 190)

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.

Account Number

Account no

Vote No

Account no